

# LEGISLATIVE AUDIT DIVISION

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## **MEMORANDUM**

**TO:** Legislative Audit Committee Members  
**FROM:** Kent Rice, IS Audit Manager  
**CC:** Anna Whiting-Sorrell, Acting Director  
Jeff Buska, Quality Assurance Division Administrator  
Mary Angela Collins, Technology Services Division Administrator  
Michelle Gillespie, MMIS Coordinator  
Russ Hill, SURS Compliance Bureau Chief  
Laurie Lamson, Chief Operations Officer  
Marie Matthews, Business Services Bureau Chief  
Duane Preshinger, Senior Medicaid Policy Manager  
**DATE:** December 2008  
**RE:** IS Audit Follow-up 09SP-07: Medicaid Data Review (orig. 07DP-06)  
Department of Public Health and Human Services

### **INTRODUCTION**

We presented our information systems audit of our review of Medicaid data managed by The Department of Public Health and Human Services (DPHHS) to the Legislative Audit Committee in July 2007. The report contains one recommendation. The recommendation relates to:

- ▶ Strengthening controls over Medicaid processing and claims payment.
- ▶ Investigating exceptions and recovering any overpayments.

We requested and received information from DPHHS personnel regarding progress toward implementation of our report recommendation. This memorandum summarizes their response and the audit work conducted to verify the response.

### **BACKGROUND**

The Medicaid Insurance program was implemented in 1965 with the passing of Title XIX of the Social Security Act. Medicaid was created to provide health insurance for individuals and families with limited income and resources. As a last resort, Medicaid provides coverage when there are no other alternatives, including a third party insurer or Medicare. In Montana, Medicaid is authorized by section 53-6-101, and Article XII, Section 3, of the Montana Constitution.

DPHHS is responsible for managing Medicaid in Montana. One of the primary duties of DPHHS is determining who is eligible to receive Medicaid coverage and who is eligible to provide Medicaid covered services. The agency currently uses The Economic Assistance Management System (TEAMS) to administer Medicaid eligibility. DPHHS has implemented another computer system, the Medicaid

Management Information System (MMIS), as a tool to assist in the administration and processing of Medicaid claims. This system is responsible for processing and storing information connected to Medicaid participants and claims.

The scope of the audit involved reviewing and analyzing data stored in the MMIS to identify any potential control weaknesses. Using a computer assisted audit tool, we compared the MMIS data with other state databases, reviewed for duplicate Medicaid payments, and reviewed participant data to ensure proper eligibility. The purpose of the data analysis was to identify control weaknesses that might lead to fraud or abuse of Medicaid funds. We identified Medicaid data exceptions, resulting in a multi-part recommendation.

## **FOLLOW-UP DISCUSSION**

The following sections summarize the report recommendation and progress towards implementing the recommendation.

### **Recommendation 1**

**We recommend the department:**

**A. Strengthen controls over Medicaid processing and claims payment to ensure Medicaid participant data is accurate, complete, and represents current participant status, including:**

- ▶ **Ensuring deceased recipients and providers are not eligible to participate in the Medicaid program;**
- ▶ **Identifying Medicaid recipients who are covered by a TPL or Medicare;**
- ▶ **Ensuring all eligible recipients are able to receive Medicaid benefits in a timely manner;**
- ▶ **Ensuring all providers have identifiable licensure or certification; and**
- ▶ **Identifying duplicate claims for a single service.**

**B. Investigate exceptions and recover any overpayments made by Medicaid, including:**

- ▶ **Claims paid to deceased recipients;**
- ▶ **Claims paid by Medicaid that should have been paid by a TPL or Medicare; and**
- ▶ **Duplicate claims for a single service.**

### **A. Implementation Status: Implemented**

#### **Deceased Medicaid Participants**

During the original audit, we identified five deceased individuals who were still eligible to receive Medicaid. We also determined three deceased healthcare providers eligible to provide services to Medicaid recipients. Since our audit, DPHHS has taken additional steps to ensure deceased recipients and providers are not eligible to participate in Medicaid. One control DPHHS implemented is a periodic comparison between the eligible participants in MMIS and the death registry in the DPHHS vital statistics database. In addition, DPHHS performs a periodic review of statewide obituaries to identify participants. To strengthen this process, DPHHS now includes providers in this review. If either a recipient or provider is identified in this review process, their Medicaid eligibility is terminated.

#### **Third Party Liability (TPL) or Medicare Coverage**

Medicaid is considered the payer of last resort, meaning other insurance carriers including private and Medicare should cover a healthcare cost before Medicaid. During the original audit, we identified a number of Medicaid recipients who also were covered by a third-party insurer. However, they were not identified as carriers of a TPL in MMIS. Therefore, there was an increased risk the state was paying healthcare costs through Medicaid that should have been covered by a TPL.

To strengthen controls to better identify Medicaid recipients covered by other entities, DPHHS has implemented new technological tools. One of these tools is the Public Assistance Reporting Information System (PARIS), which is designed to identify federal, military, veteran, and state employees with additional health coverage. Also, DPHHS is now using the National Directory of New Hires, a database that is updated with all employee hire and payroll information. This database is primarily used to track parents who are negligent in paying child support. DPHHS is also using it to identify when Medicaid recipients are newly hired and may potentially have new insurance coverage.

Another method DPHHS has implemented is to gain access to workers' compensation records through the Department of Labor and Industry, which allows access to Medicaid recipients who may also receive coverage under workers' compensation. Finally, DPHHS has interfaced with BENDEX, a system developed by the United States Social Security Administration to track Medicare enrollment at the federal level. This allows DPHHS to identify Medicaid recipients who are also eligible for Medicare.

Without the full cooperation of Medicaid recipients and private insurers, it is nearly impossible to identify all recipients who may have additional coverage. However, we believe DPHHS has taken steps to strengthen controls to ensure third-party coverage is identified so Medicaid is not paying claims another entity should be responsible for.

### **Receiving Medicaid Benefits in a Timely Manner**

During our audit, we identified recipients who were considered eligible in TEAMS, the benefit eligibility system, but were not considered eligible in MMIS. As a result, their benefits could not be processed. To resolve this issue, DPHHS now issues Medicaid cards as soon as a recipient is determined eligible in TEAMS. This allows the recipient to receive benefits although their information may not be in the MMIS.

### **Providers with Identifiable Licensure or Certification**

In our audit report, we identified 678 provider records that did not include a current or identifiable license or certification. Following the issuance of the report, DPHHS has implemented a process which identifies providers whose licenses are set to expire in a given month. They then contact the appropriate licensing agency within the state (Department of Labor or DPHHS) to confirm if the license is renewed or expired.

### **Identifying Duplicate Claims for a Single Service**

During our audit, we found there are system controls in place to identify duplicate claims. It is then the responsibility of DPHHS to review duplicates and determine validity. Despite this process, we still identified duplicate claims paid in error by DPHHS. DPHHS represents the exceptions occurred because of human error in the review process. To resolve this issue, they assert they are providing additional training to staff.

## **B. Implementation Status: Implemented**

### **Review of Exceptions and Recovery of Overpayments**

DPHHS had already reviewed our findings and reviewed the exceptions we identified by the conclusion of our audit. The results of their review are included in the original report. Further work found DPHHS has recovered funds from verified overpayments.